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MONTHLY REVIEW

AN INDEPENDENT SOCIALIST MAGAZINE

REVIEW OF THE MONTH

PROBLEMS OF THE PROGRESSIVE PARTY—I. F. Stone

WHAT IS "PROGRESSIVE CAPITALISM?"

—Henry A. Wallace

AFTER THE GENERAL ELECTION—A British Socialist

VOL. 1

12

EDITORS . . . LEO HUBERMAN . . . PAUL M. SWEET

CONTENTS

VOLUME ONE NUMBER TWELVE APRIL, 1950

REVIEW OF THE MONTH: The Coal Strike; The Population Boom of the 40's	369
PROBLEMS OF THE PROGRESSIVE PARTY by I. F. Stone	379
WHAT IS "PROGRESSIVE CAPITALISM"? by Henry A. Wallace	390
AFTER THE GENERAL ELECTION by a British Socialist	395
CONTENTS OF VOLUME I	402
A NOTE OF THANKS	404

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NOTES FROM THE EDITORS

The March issue, which for the first time contained 48 pages, went to press somewhat later in the preceding month than usual; and this, combined with the shortness of February, accounted for the fact that most readers did not receive their copies until nearly the middle of March. With this issue, we return to the regular schedule, which means that we are making up No. 12 just a few days after No. 11 reached subscribers. Readers have therefore not yet had time to respond to our invitation to discuss the

(continued on inside back cover)

THE COAL STRIKE

A class battle of tremendous significance was won by the miners with the signing of the new coal contract on March 5th. This victory proved once again that unwavering solidarity is a working-class weapon strong enough to withstand attack from every quarter—from employers, from the press, and from the courts.

In the period following the expiration of the old contract on June 30, 1949, it became clear that the coal operators were convinced that the time was ripe for a showdown—a war to weaken, if not to smash, the UMW. The chief weapon in their arsenal was to be the Taft-Hartley law.

For eight months the two sides waged guerilla warfare. The miners worked three days a week, and sometimes no days a week. The employers withheld welfare funds, instituted damage suits, and stalled negotiations. Finally, with the issuance of the inevitable Taft-Hartley injunction by Judge Richmond Keech, the battle lines were drawn. Now, at long last, the operators had what they wanted: John L. Lewis and his men were caught in a trap.

The injunction is dreaded by labor, and not without reason. It is a legal blackjack which can inflict death-dealing blows. But this time the blows were ineffectual. The armor of miners' solidarity proved impregnable.

There were 370,000 members of the UMW on strike on February 11th, the day the injunction was issued. The national office of the union, forced to comply, ordered the men back to work and cut off all forms of assistance. This was the testing time. Would the ranks of the workers hold firm? Would this or that mine reopen? Would coal be dug again?

The answer to these questions determined the outcome of the whole struggle. On March 2, three weeks after the injunction was issued, there were still 370,000 members of the UMW on strike. On that day Judge Keech cleared the union of contempt. The strike was won.

Once again that most militant section of the working class, the miners, had taught the lesson that labor's strength lies in solidarity.

The terms of the new contract spell out the impressiveness of the workers' victory. An increase in wages of 75¢ a day bringing the

MONTHLY REVIEW

basic wage to \$14.75 daily; an increase in the employer contribution to the welfare fund of 10¢ a ton (the total royalty payment of 30¢ a ton is estimated to amount to \$135 million a year); union control of the welfare fund; all payments previously withheld from the welfare fund (estimated at \$5 million) to be paid by March 15th; all employer damage suits (estimated at \$15 million) to be dropped; retention of the union shop, subject to court ruling. As against these gains, the miners agreed to limit the number of "memorial days" when they quit work to five a year, and to replace the "able and willing" clause of the old contract with one declaring the good faith and "mutual understanding" of the parties.

Not written into the contract, but clear to every worker (and to disappointed editorial writers and radio commentators), were two other significant gains: the defeat of Taft-Hartley and the increased strength and prestige of the union. Lewis's statement after the contract was signed is a good summary:

The mine workers emerged from this struggle with additional bread and butter for their families, with additional life and death money for their stricken and ailing in the form of additional revenue into their welfare fund, with their union intact, with their membership unimpaired and with all labor benefited by the discrediting of the Taft-Hartley abomination. (*New York Times*, March 6, 1950.)

During the strike, the growing shortage of coal and scare headlines in the press inspired more than the usual number of attacks by anti-labor elements—attacks on the power of John L. Lewis, on the miners for not realizing that "each day of the strike they were losing more money than they could hope to win in years through wage increases," on workers for not understanding that it was foolish for them to strike for more money because victory would only result in higher prices, etc., etc., *ad nauseam*. It was not easy, in the fog of propaganda and recrimination, to see the real facts of the situation.

The fact, for example, that the "power of John L. Lewis" rests on the recognition by the miners that, whatever his faults (and they are many), he is a labor leader of ability and courage who understands the necessity for working-class power to match the overweening power of capital.

The fact, for example, that it is distorted arithmetic to measure wages lost during a strike against a possible increase in pay. When a whole industry is shut down, the work-days lost during a strike are not lost forever. Stocks run down and have to be replenished. No work now is compensated by more work later. And more than a few

cents an hour is won in a successful strike—the union is strengthened, conditions once fought for are kept, the dignity for which blood was shed in the past is retained.

The fact, for example, that higher prices need not necessarily result from a wage increase. As Lewis pointed out to Arthur Krock in an interview (*Times*, March 3): "A wage increase of 95¢ per day and a royalty increase of 15¢ per ton could be given on the basis of 1948 figures, *without* any price increase and *with* a 22¢ per ton profit to the industry." Although the *Times* informed its readers that "a leading member of the coal industry has been invited to reply to Mr. Lewis," up to the present writing no such reply has been published.

Still undisputed, therefore, are these revealing figures presented by Lewis on the basis of government statistics: "profit, before taxes, *per miner employed*, increased from \$34 per miner in 1939 to \$733 per miner employed in 1948." Is it, then, only workers' wages and never operators' profits that are responsible for the increase in the price of coal over the years?

Following the strike settlement, President Truman asked Congress to set up a commission to study the problems of the coal industry. The industry has plenty of problems; it is a "sick industry." There are, for example, 400,000 soft coal miners in the country today—and it is estimated that only 300,000 miners working 200 days a year are needed to fill the country's requirements for coal. It's a sick industry because it has more mines and more miners than are needed in a profit-making economy.

But in this sense it has been a sick industry for a long time. In August, 1922, President Warren G. Harding proposed an investigation of the coal industry in the following words:

In the bituminous coal fields are vastly more mines than are requisite to the country's needs, and there are 200,000 more mine workers than are needed to produce in continuous employment the country's normal requirements. . . . Men divide the working time, and high wages are necessary to meet the cost of the barest living.

But nothing was done about this sick industry by the Republicans in Harding's time. And nothing is likely to be done by the Democrats in Truman's.

Not that it is impossible to devise a cure. On the contrary. But you may be sure that the cure for the sickness of coal is one which no Democratic or Republican investigating commission will ever recommend. It is a cure which presupposes the scrapping of private enterprise, not only in coal but also in oil and natural gas and all the

MONTHLY REVIEW

other fuels which provide the life blood of modern industrial society. It is a cure which requires the socialization of the country's natural resources and their rational development in accordance with an overall plan.

If such a plan called for fewer miners than we now have, it would also call for a vast program of resettlement, retraining, and new jobs. It would give all who remain miners full-time employment and a standard of living at least as high as that of any other section of the working class.

Above all, it would reverse the shameful dollars-before-lives ethics of private enterprise.

Remember Centralia?

Three years have passed since 111 miners died in the Centralia mine explosion on March 25, 1947. The bodies of these 111 men are grim witnesses to the fact that in capitalist society the sickness of profits before people, dollars before lives, is a mortal one.

Those 111 men need not have died.

The operators knew the mine was unsafe.

Robert M. Medill, Director of the Department of Mines and Minerals of the State of Illinois, knew the mine was unsafe.

They knew because both state and federal mine inspectors wrote report after report telling them so. In September, 1942, the federal inspectors, in their very first report, noted that "coal dust . . . at this mine is highly explosive, and would readily propagate an explosion."

They knew because state mine inspector, Driscoll O. Scanlan, thought the mine was the worst in his district and told them so in lengthy, detailed reports written every three months for three years, recommending "that the mine be sufficiently rock dusted."

Dwight Green, Governor of the State of Illinois, knew the mine was unsafe.

He knew because on March 9, 1946, he received a letter from the officers of the United Mine Workers Local Union No. 52, who wrote at the request of the men in the mine: ". . . Governor Green this is a plea to you, to please save our lives, to please make the department of mines and minerals enforce the laws at the No. 5 mine of the Centralia Coal Co. . . . before we have a dust explosion at this mine like just happened in Kentucky and West Virginia. . . ."

The letter was signed by Jake Schmidt, president; William Rowekamp, recording secretary; Thomas Bush, and Elmer Moss, mine committee.

One year later, Schmidt, Bush, and Moss were dead—killed in the explosion they had begged the Governor to save them from.

REVIEW OF THE MONTH

One hundred eleven men lost their lives because the safety measures that were necessary were not taken. The inspectors' recommendations for proper ventilation, rock dusting, a sprinkler system, were disregarded. These precautions prevent explosions—but they cost money. The operators refused to pay the cost—and the state and federal authorities did nothing about it.

It was dollars vs. lives—and dollars won.

A state investigating committee—after the explosion—asked William H. Brown, supervisor of the mine, why the operators had not installed a sprinkling system.

He answered, "We honestly did not think it was economical for our mine."

"You mean you didn't want to bear the expense?" asked the Committee.

"That's right," Brown replied.

Dollars vs. lives—and dollars won.

How many dollars for how many lives? Inspector Scanlan testified that in 1941, the Centralia Coal Company had spent \$900 to rock-dust the whole mine. If the mine had been rock-dusted in 1947, there would have been no explosion.

By 1947, costs had gone up so much that it would have cost more than \$900 to rock-dust the mine. Maybe twice that amount. Maybe \$1800 would have done it.

If the Centralia Coal Company had spent \$1800 on rock dusting the mine there would have been no explosion. But lives are cheap, dollars are precious. It would not have been "economical" for the Centralia Coal Company to spend the money. They didn't spend it—and 111 men lost their lives.

This is not an isolated incident.

Mining is a very dangerous occupation, and all hazards cannot be eliminated. However, many of them can be. We know what causes explosions, and we know the methods to use to prevent them.

But, as in the case of the Centralia mine explosion, enforcement by the state and federal authorities of the safety laws would cut into the operators' profits. The operators are as careful about profits as they are callous about lives; and they are politically powerful enough to treat the safety laws as a joke.

So miners die every day—since 1910, every day for 365 days a year, an average of five miners have lost their lives.

They die in such numbers in this, the richest country in the world, because that is the nature of the capitalist system under which we live. Profits before people, dollars before lives.

MONTHLY REVIEW

All this can be changed—but only in one way. Instead of production for profit, we must have production for use; instead of chaotic lack-of-plan for the benefit of the few, comprehensive planning for the benefit of all; instead of capitalism, socialism.

THE POPULATION BOOM OF THE 40's

What happened to the population of the United States during the 1940's? We won't have a complete answer to this question until the 1950 census, which got under way on April 1st, has been completed and the results have been digested and analysed by the statistical experts. But enough data are available to enable us to see the broad outlines of the picture.

The most striking fact is that the population of the country has now passed the 150 million mark after an increase of approximately 19 million in the last ten years. (These figures are taken from Joseph S. Davis, "Our Amazing Population Upsurge," *Journal of Farm Economics*, Proceedings Number, November 1949.) This is the largest absolute increase for a census decade in our entire history. In percentage terms, the increase was approximately 14.4 percent, which is relatively not high but still double the rate reached during the 1930's. In order to put these figures into proper perspective, we include here a rough table calculated from official census data and covering the last century:

<i>Decade</i>	<i>Absolute Increase (in millions)</i>	<i>Percentage Increase</i>
1850's	8.2	35.3
1860's	8.4	26.7
1870's	10.4	26.1
1880's	12.7	25.3
1890's	13.1	20.8
1900's	16.0	21.1
1910's	13.7	14.9
1920's	17.1	16.2
1930's	8.9	7.2
1940's	19.0	14.4

This table shows clearly that over the hundred-year period there has been a marked and on the whole steady decline in the rate of population increase. It also shows, however, that during the last two decades this rate of increase has undergone peculiarly sharp fluctuations. The drop between the 20's and the 30's (from 16.2 percent to 7.2 percent) is the largest in the period under review, and the jump

between the 30's and 40's (from 7.2 percent to 14.4 percent) is more than five times the largest previous increase.

What accounts for these seemingly erratic changes? In terms of immediate causes, the dominating factor has been relatively wide fluctuations in the birth rate. The annual birth rate averaged 21.5 per thousand during the 20's, declined to 17.4 during the 30's, and increased to 19.8 during the first six years of the 40's. In percentage terms, the decline between the 20's and 30's was 19.1 percent, and the rise between the 30's and the 40's was 13.8 percent. Of course, the death rate and the net in- or out-migration rate also contributed to the actual rate of growth of population, but there is no doubt that changes in the birth rate have been the dominating factor.

These changes in the birth rate reflect important social changes. During the 30's fewer people got married, and married couples postponed having children or decided to have smaller families; while during the 40's more people got married, and married couples had children earlier or decided to have larger families. And these changes, in turn, were obviously brought about by underlying economic conditions. During the 30's unemployment was high and incomes low; during the 40's unemployment declined sharply and incomes rose. In all American history there has never been such a deep and prolonged depression as that of the 30's nor a bigger and more sustained boom than that of the 40's. It is not surprising that these profound and pervasive economic movements manifested themselves also in the population field.

Nevertheless, it is noteworthy that none of the population experts foresaw the sharp rise in the rate of population growth which has characterized the last decade, and even in the last few years they have rather consistently predicted an earlier and more marked falling off in this rate of growth than has actually taken place. Davis (in the article cited above), after reviewing the most important forecasts, concludes as follows: "While successive forecasts from 1937 to 1949 improved in approaches to the true population of 1950, all were too small by roughly one million for every year between the date of the forecast and the . . . target date." How can we explain this rather poor showing on the part of the demographers?

Primarily, of course, the reason is that these "forecasts" are really nothing but more or less modified projects of past trends. They do not—and could hardly be expected to—take account of qualitatively new factors which, after all, lie outside the special field of competence of the demographers. Thus, for example, the forecasts made during the 30's made no allowance for the war and its effects on American society.

But even if they had made such an allowance it is hardly likely

that they would have been more accurate. Rather the contrary. Look back at the table and you will see that previous wars have had a very different effect on American population growth. The rate of growth during the Civil War decade (the 1860's) was sharply down as compared to the previous decade, and only slightly higher than that of the following decade; while the effect of World War I was even more striking: the rate of growth during the 1910's was lower than that of either the preceding or the following decade. (It may be remarked that the same thing occurred, though less markedly, in the war decade 1810-1820.) Prior to World War II, and even during the war itself, population experts were generally agreed, in the words of W. S. Thompson (quoted by Davis), that "even under the most favorable conditions . . . war does have a very depressing effect on population growth. . . ."

The fact that World War II had a very different effect on population from earlier wars is dramatic confirmation of a thesis which we have stated many times in the pages of MR, namely, that war and militarism are now playing a new and unprecedentedly powerful role in American life. Without the stimulus of war—actual or potential—American capitalism now breaks down in a deep crisis which affects every facet of its existence, and not least its vital processes. War and the preparation of war, on the other hand, act like a great electric shock, galvanizing the dying system into life and giving it for a time the semblance of economic and demographic health.

But only for a time. If the United States ever gets into another war it will be an atomic war which is likely to have a more disastrous effect on our population than on our economy in general. And the idea that American capitalism can be kept permanently prosperous and vigorous through ever-increasing preparations for war which never lead to war—such an idea is of a piece with Hitler's thousand-year Reich and deserves to be taken no more seriously. The population boom of the 40's will share the fate of the economic boom: either they will both end in the catastrophe of atomic war, or they will peter out in another all-embracing crisis similar in content, if not in form, to that of the 30's.

The only alternative, from a long-run point of view, is a change of economic systems—from anarchic production for private profit to planned production for social consumption.

It might be objected that this analysis is one-sided in stressing only the impact of economic conditions on population growth, while neglecting the reciprocal effect of population growth on economic conditions. Is it not possible that the recent war-induced jump in the rate of population growth might react back on the economy and keep it going at high levels of activity for a long time to come?

This question raises difficult problems which social science has by no means completely solved as yet. To discuss these problems in a brief note is obviously impossible, but we believe that certain broad generalizations can safely be accepted.

There is little doubt that a rapid rate of population growth does tend to stimulate a capitalist economy. It does this primarily through encouraging investment in housing, public utilities, schools, hospitals, etc.—in other words in providing what may be described as the material framework of a growing community. It is even conceivable that a *sufficiently* high rate of population growth could keep a capitalist economy going at a high average level (naturally with cyclical ups and downs) for as long as it lasted. This, indeed, was certainly an important factor in explaining the relatively good performance of American capitalism during the 19th century. But here we have to ask: how high is “sufficiently high?” We cannot give an exact answer, but it is pretty clear that the rate achieved during the 20’s was not high enough. That rate was more than 16 percent, and it was followed by the worst depression in American history, a depression so severe in fact that it quickly cut down the rate of population growth itself. In the light of this experience, it would certainly be nonsensical to assume that the rate of growth of the 40’s, which was lower than that of the 20’s, is high enough to sustain the war and post-war boom of the last ten years.

We can thus conclude that while the population upsurge of the 40’s will undoubtedly have an important influence on the functioning of American capitalism—for example, it will tend to keep construction at a higher level than it otherwise would attain for quite some time—it gives us no grounds whatever for altering our basic view of what is likely to happen in the years ahead.

Nor is this all. The effect of a more rapid rate of population growth on capitalism is by no means entirely favorable. It provides investment outlets, but it also pours a growing stream of new workers onto the labor market. The full impact of the population boom of the 40’s in this respect will not be felt for some time yet—not until the new crop of children grows up and begins to look for jobs. But already there is an indication of what may well be in store for them. The prosperity of the 40’s is still with us. Production and national income are high; construction, and especially housing, is going full tilt. And yet unemployment is rising—from 1.9 million at the end of 1948 to 3.5 million at the end of 1949 to no less than 4.5 million during the first month of 1950. Why? Because, with the labor force going up (though not as rapidly as it will ten years from now), and with productivity per worker growing by leaps and bounds (primarily as a result of new equipment which has been installed in recent

MONTHLY REVIEW

years and will continue to be installed in years to come), a *stable* level of production, no matter how high, will quickly lead to economic trouble.

Business Week, in its issue of March 4th, ran a very interesting story under headlines which said, in part: "UNEMPLOYMENT, PROSPERITY: STRANGE PAIR/*Labor Productivity is rising, rising fast. This week a Business Week survey confirmed that fact beyond question/It's taking fewer workers each year to produce our high volume of goods—so unemployment is creeping up.*" And in the story itself we read:

There's an unemployment problem again—even though the business boom is going practically full blast. . . .

To any businessman there's a significant long-term problem in the creeping growth of unemployment in the midst of prosperity. This new kind of boom, this first peacetime boom in 20 years, has some dangerous things built into it.

We would like to offer a slight correction. It isn't "this new kind of boom" that has dangerous things built into it but the system which gives rise to booms—and busts. And the dangers won't be any less when the flow of new workers coming onto the labor market begins to swell as a result of the population upswing of the 40's. Quite the contrary.

(March 18, 1950)

The business man's place in the economy of nature is to 'make money' not to produce goods. . . . The highest achievement in business is the nearest approach to getting something for nothing. . . . The less any given business concern can contrive to give for what it gets, the more profitable its own traffic will be. Business success means 'getting the best of the bargain.'

—Thorstein Veblen

PROBLEMS OF THE PROGRESSIVE PARTY

BY I. F. STONE

The following article is a somewhat abridged reproduction of five pieces which appeared in the *New York Daily Compass* from February 27th through March 3rd. They were written in Chicago immediately after the second annual Progressive Party Convention which Mr. Stone attended, and they are reproduced here by special permission of the author. In our judgment, I. F. Stone is the outstanding left-wing journalist in America today; his analysis of the problems of the Progressive Party deserves the careful attention of people all over the country and not merely of those who have access to the *Compass*. At the same time, we regard this article as a valuable contribution to the discussion of "Cooperation on the Left" which we initiated in last month's issue of MR.—The Editors.

I

The Progressive Party convention disappointed its enemies and troubled its friends. When Henry A. Wallace in December 1947, announced the launching of the party, he said with Gideon, "Let those who are fearful and trembling depart." Enemies of the party came hoping to see a fearful Gideon himself depart trembling. Friends of the party were sorry to see him falter just when events have begun to prove how wisely Henry A. Wallace's lonely crusade for peace has served his country.

Gideon never had a more devoted band than the thousand or more delegates who turned out in cold, shabby, historic Ashland Auditorium this weekend, and sang "Glory, Glory Hallelujah" with prayer meeting fervor Friday night when Wallace arrived on the platform. It takes spunk of a high order to turn out in these frightened days for a Progressive Party convention, and the meeting was worthwhile if only to make the few radical stalwarts still holding out around the country feel that they were not alone.

But the Henry Wallace who spoke challengingly in 1947 of a Gideon's band "small in number, powerful in conviction, ready for action," called this time for a new Progressive Party, "not the Progressive Party of today, with its narrow range of support." That last phrase did not sound like the old Henry Wallace. It was chilling to hear him say, after drawing a line between himself and the Communists, "We will not attempt the purge of any individual because of past or present beliefs."

If Wallace ever launches a purge of Reds from the Progressive Party he will do something more serious than wreck the party. He

will fatally compromise the whole fight for civil liberties in this country. He will throw to the wolves not only the Reds but many non-Communists who cut themselves off from respectability to support him in 1948 because they believed (1) in peace, (2) in Henry Wallace and (3) in left unity against Fascism.

Wallace's personal sacrifices are understood and appreciated. A man of wealth, never a radical, but with an instinctive and truly Christian outlook, he has been isolated in a terrible period of reaction by his own devotion to peace and the ideals of the New Deal.

"I know what it is to work closely with labor," he said in anguish, "but since the death of Roosevelt, the labor leaders have changed—not I." He spoke of the "foul printer's ink" with which he has been bespattered, of the millions of friends he has won abroad and the millions he has "temporarily" lost at home.

"Both the psychic rewards and the psychic costs have been high," Wallace said. That one sentence was a glimpse into a troubled and aching heart. It has not been pleasant for a Wallace of Iowa to be called a Red dupe and to be accused of betraying atomic secrets to the Russians.

It would be a pity if Wallace began to weaken just at the threshold of a new period in which his foresight may at last win the general appreciation it deserves. If he can boast that "within the past two weeks there has been more open criticism of the cold war from every shade of opinion than during the previous two years . . . even such stalwarts of the cold war as Senators McMahon and Tydings question the policy of force"—if he can say "We predicted that the policy would fail, it is failing"—it is because two years ago Henry Wallace had the courage of venture.

It would be a pity if, just when serious problems loom in the field of full employment, which Wallace did so much to dramatize, he fell back into the role of a "me, too-er" with talk of "progressive capitalism" little different from Mr. Truman's. Boldness and vision would now perform an equal service on the home front but Wallace this weekend gave little indication of a readiness to supply them.

I am going to indulge in some plain speaking in discussing this convention. I want to take up in two succeeding articles the two questions which are bedeviling Wallace and threatening to hamstring the Progressive Party. One is the question of the relation of the Communists to the Progressives. The other is the question of whether the slogan of "progressive capitalism" can provide a basis on which to build a progressive third party movement for peace and full employment.

II

What about the Communists in the Progressive Party? This is the question bothering Henry Wallace. It deserves an honest airing because the future of the Progressive Party depends on an adequate answer—and the Progressive Party, for all its shortcomings, is the only rallying point and instrument we have in any consistent fight for peace and freedom. So here goes:

1. The less the Communist Party dominates the Progressive Party the better for the Progressive Party. There are several reasons for this. One is that the Communist Party in America has no leader intelligent enough and flexible enough to know how to run a popular front. Except for Foster, who was at his best three decades ago, there is nobody of stature among them.

A second reason for keeping the Progressive Party as free as possible from Communist Party domination has to do with "party line." It is not that the Communists are too "radical." Most of the time they are not radical at all. The purpose of independence is to avoid the stultifications and idiocies, the splits and the heresy-hunts, which make the Communists so ludicrous a spectacle half the time.

A third reason is that the Communist Party is concerned primarily with the defense of the Soviet Union as the stronghold of the world movement. This leads them to fight for peace, and peace is in the best interest of America too; but it may also lead them into such fantastic positions as those taken by the British Communist Party, which preached a phony pacifism while England was fighting alone for its life. The recollection of this is one reason for the party's weakness in Britain.

2. The Communists have been the dominant influence in the Progressive Party. In justice to them, it must be said that if it had not been for the Communists, there would have been no Progressive Party, and if they are ever purged the Progressive Party will disappear.

This is not because the Communists are a majority in the Progressive Party. They are distinctly a minority. But they are fanatics, and they have the virtues which go with the defects of fanaticism. For them, politics is their life. They work hard. They bring the Progressive Party a devotion, an earnestness, a drive no other group can supply. The debt owed them cannot justly be forgotten in the midst of the criticism.

Whatever may be thought of their leadership and however repellent their fanaticism can sometimes be, it would be ungenerous not to recognize what they bring the tiny remains of the Left in America. I see no way to wage an effective and principled fight without fighting for their rights and with their help. Everywhere in western

MONTHLY REVIEW

Europe we see that when the Left is split, reaction takes power. In saying this, I do not absolve the Communists and Moscow for their large share of blame in creating this split.

When the Communists go under, the popular-fronters will follow; and when we have been taken, the ADAers and the liberals will be next in line of fire. The difficulties through which the Progressive Party is passing are no cause for jubilation anywhere left-of-center. Its collapse would be a calamity for the whole sector.

3. Now I want to come to the heart of the immediate problem. The Communists have been dominant in the Progressive Party because Henry A. Wallace has failed to provide real leadership. They have filled a vacuum he created. I love him. I revere him. I am grateful to him. But he has not done his job.

Wallace is a big man. The heir to Roosevelt, a giant in the pigmy world of the Left, a man with international prestige. Whether he likes it or not, he is the leader of the Progressive Party. It does no good to proclaim that it is "an independent indigenous American party" and to disown the Reds. Independence is proved by day-to-day action, not frantic, intermittent verbal efforts at disentanglement.

If Wallace had done the hard work of hammering out party policy, the policy would be independent. So long as that policy opposed the cold war and accepted left unity against fascism, the Communists would have followed him and they will follow him. He can be the dominant influence any time he is willing to make the effort necessary.

Wallace said in his speech at this convention that the Progressive Party made a mistake in turning down the Vermont Resolution at its first convention. It certainly did. But the responsibility for this mistake rests primarily on Wallace himself. He was there. He could see the sectarian idiocy which balked at the innocuous statement that "it is not our intention to give blanket endorsement to the foreign policy of any nation."

It was his job to take the floor then, at the very beginning, and take the party-line curse off the Progressive Party by explaining and fighting for this resolution. There is no doubt whatever that he would have won.

This is not past history. It continues. Wallace arrived Friday night, made a speech intended to clear the party of the red smear and then left that same night for Des Moines.

Suppose there had been a revolt from the floor against those few items in the policy statement and among the resolutions which reflected the insistence for ideological independence in the resolutions committee?

PROBLEMS OF THE PROGRESSIVE PARTY

All the fuss made from the floor about the obvious and pallid statement that "both" the U.S. and the U.S.S.R. have "made mistakes in foreign policy" shows how strong is inflexible sectarian thinking among the Communist Party faithful.

All the fuss made with the resolutions committee about a statement on civil liberty which implies support of the Communist *bête noire*, the Trotskyites, showed the same spirit. It is to the credit of the Communist Party leadership at the convention that both statements were accepted and their rank-and-file held in line.

But what if matters had turned out differently? If Wallace wants the party independent, he ought to be present at the crucial times when its policy is decided. His influence is great. His views are respected. This is the job of leadership, and Wallace owes all of us who have supported him the moral obligation to learn how to do that job.

4. The red label cannot be avoided in these days of hysteria. Pegler and the rightists have already turned their fire from the Communists, whom they regard as dead pigeon, to the ADA and Truman; and the New York *Herald-Tribune* is being called the "uptown edition of the *Daily Worker*." The red label is something which can only be handled with a laugh and a "nuts to you."

Political independence is to be sought not to get rid of the red label but to do an effective job. A reputation for independence cannot be achieved by the push-button method of saying, "we are not Reds." It can only be earned. Wallace has not earned it, and therefore the Progressive Party does not have it. That is the unpleasant truth, and the sooner he faces up to it, the better for the future of the Progressive Party.

III

Henry Wallace said in his speech at the convention:

On the domestic economic front the outstanding phenomenon of the past four years has been the postponement of the depression by heavy cold-war expenditures and high consumer purchasing power. Year after year the economists have predicted that depression was just around the corner. They were thinking in terms of Lord Keynes or Karl Marx and events have steadily proved them wrong. My personal belief is that the leaders of the capitalist system and of government have learned a lot about preventing a depression that they didn't know 30 years ago.

This passage is worth a careful examination because it brings us to the heart of the "progressive capitalism" line which is Wallace's contribution to leadership. To take this passage apart is to see that

MONTHLY REVIEW

Wallace will have to do better than this if he is to build a third-party movement that can make a contribution to American political thinking.

The tactics lie in the slur at Karl Marx. This is intended to establish respectability. It illustrates the puerility of American politics that its foremost progressive leader feels it necessary to curry favor by a bit of political illiteracy for which a European conservative would blush. Marx was one of the seminal thinkers of the 19th century; he stands like Madison and Locke before him in the great tradition of English, not German, materialist political philosophy; he provides the most satisfactory frame of reference we possess for an understanding of history and social change; he inspired the dominant political movement of the 20th century; and he has affected every one's thinking, Right or Left, whether they know it or not. No movement can be progressive which does not take an adult view of Marx, and of socialism.

The reference to Marx was more understandable than the reference to Keynes. This was a novel note. It weirdly sought to disassociate Wallace from the economist who provided much of the basic philosophy of the New Deal and of Wallace himself. For while Wallace is not a Marxist, he is certainly a Keynesian. Where Marx saw no solution for recurrent capitalist crises of "overproduction" except in socialism, Keynes sought a solution politically palatable to the middle class.

The idea of using government spending to correct "under-consumption" was given its most thorough and effective expression by the brilliant English economist. The New Deal concepts of "pump-priming," of government spending to maintain full employment by supplementing the deficiencies of private enterprise—these are derived from Keynes. Without them, Wallace's own slogan about "progressive capitalism" loses any meaning that can command respect.

If, as Wallace says, "the leaders of the capitalist system and of government have learned a lot about preventing a depression that they didn't know 30 years ago," they learned it from the ideas of modern socialism and of "revisionist" theories like those of Keynes, percolating into politics through leaders like Roosevelt and Wallace himself. That "the leaders of the capitalist system and of government have learned a lot about preventing a depression" is, however, dubious.

Wallace says the "outstanding phenomenon of the past four years has been the postponement of the depression by heavy cold-war expenditures and high consuming power." The latter is not an independent factor but is due to wartime saving, demand piled up

PROBLEMS OF THE PROGRESSIVE PARTY

by wartime shortages, and cold-war expenditures, i.e. by the stimulus of a war just past and a new war being prepared. What is so "outstanding" about this "phenomenon?"

The tendency of capitalism to find a way out of crisis by war has been clear for two generations. It is perhaps the main objection to capitalism itself. Far from learning, "the leaders of the capitalist system and of government" are forgetting what little they learned during the Roosevelt period. They have abandoned spending for peace and development, and have reverted to spending for war and destruction. They have done so because the former cuts the rate of profit, while the latter gives it inflationary stimulation.

The real lesson of the Roosevelt period was that the Keynesian approach is not enough, that compensatory spending and public works cannot maintain full employment. Mr. Truman and his Council of Economic Advisers have robbed the Employment Act of vitality by operating on the politically safe but economically disastrous assumption that somehow free enterprise can muddle through.

To spread this impression is to leave the American people disarmed to deal with depression when it comes. To disarm and confuse them is to leave them dependent on the crutch of cold war spending and then war itself. Wallace's unwillingness to speak frankly or inability to think clearly about the crucial deficiencies of so-called "free enterprise" are contributing to this confusion and compromising the fight for peace.

It is this which vitiates Wallace's 10-point program. This is not a program of political action or political education. It is a series of pious exclamations. They equate with the logical proposition that if wishes were horses, beggars would ride. To say "Promote the maximum number of jobs," as does his Point 1, is to beg the question "how?" To say in Point 2, "Pay wages high enough, and farm income high enough, to give consumers the power to absorb an expanding flood of consumer products," is meaningless.

If Wallace was the leader of the Democratic or Republican parties, this kind of hortatory invocation of non-existing motivations in an unreal world would be understandable. But he is the leader of a third party, and the function of third parties in the American two-party system has historically been to sell unpopular new ideas, to make them familiar and safe enough to be taken up by the conventional parties.

It is this function which the Progressive Party is not fulfilling. Its domestic program as developed at this convention differs in no essential from that of the Democrats and contains nothing the Republicans have not already accepted in theory.

IV

"We believe," Wallace said in his speech, "in progressive capitalism, not socialism." Who is "we?" It would be a safe guess that 95 percent of the delegates were people who do not believe in the possibility of a progressive capitalism and do believe in socialism.

Can capitalism be progressive? Yes. But only by progressing toward socialism. A capitalist system in which democratic processes satisfy popular aspirations for economic security, in which economic bottlenecks obstructing expansion are broken, and in which the government is strong enough to plan for full employment would be progressive capitalism.

Is the achievement of such a system probable? No. Is it possible? Yes.

But the adaptation of business enterprise to social controls cannot be accomplished until some movement and some leader in America have the courage and the vision to speak in socialist terms, to say the horrid word "socialism" over and over again, until the fears which coagulate about it are overcome.

Business enterprise, America's major career in the past, is a monument to the trial-and-error approach. For much that the great American business builders have accomplished looked impossible until tried.

But in dealing with problems of economics and government, Americans have been dogmatic, unthinking, and scared stiff of certain words, especially the horrid word "socialism." The result has been to slow up necessary responses to changing conditions.

A pragmatic American approach to social problems would say:

This business is a racket whose fixed prices are exploiting the competitive industries. Antitrust enforcement has failed. We must try either to break the trust by a government yardstick plant or nationalize the industry. Since bureaucrats can get pretty stodgy, too, maybe it would be best to try the former and get some real competition, so long as the government plant has to operate on a basis fair to private operators in the same field.

Such practical methods for dealing case-by-case with economic problems are made impossible when political questions are seen through a bloodshot haze, in which the red tint creates taboos as irrational and disastrous as those of a primitive tribe facing novel conditions of life.

Capitalism can go on succeeding only if private business can be fitted into a system of social controls and planning effective enough to satisfy the demand for full employment without being so

PROBLEMS OF THE PROGRESSIVE PARTY

onerous as to crush genuine enterprise where it exists.

Only a socialist analysis can enable people to understand what capitalism can do and what it cannot do. Only so can we understand what government needs to do and what it need not do for an expanding economy and full employment.

A businessman may be the most liberal man in the world; he can be a convinced Marxist; yet in running his own business he must operate within certain limits fixed by the nature of a capitalist system.

He can operate, I suppose (if he is so lucky as to have a private income and no need for additional capital), without showing a profit. But he cannot long operate at a loss. He may believe in full employment and high wages, but he cannot pay wages too high for profitable operation, and he cannot produce goods without some assurance of a market in which to sell them.

If there is an ebb in demand, he must curtail his own production. If the ebb is serious, he may have to lay off workers and cut wages. He cannot think in long-range overall terms. He must think in terms of his own business if he is to stay in business.

A capitalist, in other words, must abide by the economic law of a capitalist system. This is what made such nonsense of Herbert Hoover's belief in the early 30's that business could be improved by patting it on the back and saying: "Have confidence." That is what makes nonsense of Harry Truman's belief that full employment can be obtained by "reassuring" business enterprise. It also makes nonsense of Henry Wallace's pious exhortation in his 10-point program to promote the maximum number of jobs, pay wages high enough to prevent overproduction, and "cooperate wholeheartedly with government to prevent depression, not by an arms program but by a peace program." This is one problem evangelism cannot solve.

A businessman's power to make jobs and pay high wages is limited by a market over which he has no control. It is only action by government, including planning and some measure of public ownership, which can peacefully sustain the number of jobs and the level of wages by sustaining the market for the products of industry. This is a job too big for the wealth of a Rockefeller or the organizing genius of a Morgan.

The only alternative is a war program. To ask the businessman to "cooperate wholeheartedly" in a peace program instead, is asking too much of human beings. The nature of the business system has made the businessman suspicious of government interference, not always without justification either. To ask him to accept a peace instead of a war program is to ask him to give up the inflationary

MONTHLY REVIEW

profits of an arms race for a system of planning for full output at home which would cut down his freedom of action and his rate of profit. There are Wallaceite businessmen, and my blessing is on them, but not enough to sell that kind of program to the business world. People are only fooled by pretending otherwise.

V

The panic which is sweeping over the American people does not have its origin in atom bomb or H-bomb, though both have intensified it. The panic has its origin in fear of this new force let loose in the world called socialism. Until this fear is overcome, the chances of peace abroad and permanent prosperity at home are slight. It is the difficult, unpleasant, but necessary task of a third-party movement like the Progressives to tackle that fear.

A third party in a two-party system cannot hope to get anywhere as a "me, too" party. It must have the courage of its non-conformist convictions. It does no good to curry favor with the powers-that-be; they are too well served by the major parties. To the extent that the radical party rids itself of the radical label, it rids itself of the enthusiasm of the spark-plug minority which can alone give a third-party movement vitality. This is why flight from ticklish truths to comfortable fantasies can only divert the Progressives from the one essential task they might perform without bringing them any closer to power.

"The big job on the domestic front in the United States," Wallace told the convention, "is to convert our present reactionary capitalism into a progressive capitalism which is willing to plan effectively with government to prevent depression by expanding the peacetime production and trade of the entire world—including Russia and the new China."

This is pure unadulterated pie-in-the-sky. Wallace could hold prayer meetings in every Chamber of Commerce in the U.S. without ever getting that kind of conversion. If we wait for the conversion of "reactionary" capitalism into "progressive" capitalism, we shall wait a long time.

The chambers of commerce are interested in peddling another kind of firewater. They stake their all on the bogeyman. They fight government planning and public ownership for full employment—by the scare-word of socialism. They fight trade with Russia and the new China—by the scare-word of Communism.

The Progressive Party has to destroy the bogeyman if it is to succeed. If it accepts the bogeyman, even if by implication, it loses the fight before the fight has hardly begun. Every speech on interna-

PROBLEMS OF THE PROGRESSIVE PARTY

tional affairs always contains the word "understanding." Without some understanding of the other fellow's way of life, there can be no peace. Understanding is necessary. But almost no one takes the effort to create it, because this involves the risk of being smeared as a Red or Pink. Some one has got to begin to tell the American people that communism and socialism are in the world to stay, to help them understand how they arose and what needs they serve.

Until these seem reasonable responses to the conditions that evoked them, they will appear so monstrous that any weapons seem justified against them. This task of education for peace cannot be performed until Americans look upon socialism and communism in an adult way, as part of the facts-of-life of our era.

The world has been moving toward socialism for two generations, and every form of society, whether revolutionary or democratic or counter-revolutionary, ends by increasing the power of the state over the economy at the expense of private rights in property.

There is no doubt that the movement toward statism involves genuine dangers. All change is dangerous. Only death is changeless. The task of wise leadership is, while moving with the tide, to seek to anticipate and avert these dangers. This can be done only by a calm acceptance of the trend; otherwise energies are wasted in combating the inevitable. This calm acceptance is not possible until more people have the courage to use the scare-word of socialism, to explain it, to preach it, to apply it, until its terrors are overcome. Fears can be vanquished only by facing them.

The Progressive Party under current conditions of hysteria can hardly elect a dogcatcher outside of New York. It has nothing to lose by being honest. It is down to bedrock. People who are still Progressives are too tough to be frightened off. Many of them are old-time Populists, Wobblies, anarchists, Socialists, or Communists who know the score better than their leaders. Others are thinking youngsters more likely to be held and attracted by a vigorous radicalism than by phony talk about "progressive capitalism."

It is better to win a few people thoroughly to real understanding of present problems than to collect a dozen times that many so thoroughly confused by illusory slogans as to be disarmed for real attack on concrete problems.

Thus I plead for a strong infusion of socialism into the anemic veins of the Progressives. They're not kidding anybody but themselves anyway.

WHAT IS "PROGRESSIVE CAPITALISM"?

BY HENRY A. WALLACE

In the New York *Daily Compass* of March 6th, Stephen Fischer published an exclusive interview with Henry A. Wallace on the meaning of "progressive capitalism." In view of the emphasis on this subject at the recent convention of the Progressive Party, and in view of the critical analysis contained in the preceding article by I. F. Stone, we believe that MR readers will find it useful to have the full text of Mr. Wallace's answers to the questions put to him.—The Editors.

QUESTION 1—What is your definition of progressive capitalism?

ANSWER—Progressive capitalism is that reconciliation between fundamental American democracy and modern technology which will make possible continuous full employment and expanding production without government ownership of all the means of production.

QUESTION 2—How much government planning of industry will progressive capitalism necessitate?

ANSWER—The success of progressive capitalism demands that the leaders of business, labor, and agriculture plan with government—and specifically with the President's Council of Economic Advisers—the key policies of the key industries which have to do with capital flow, wage rates, dividend policies, prices, and volume of production.

Such key industries are those which are fundamental to the general welfare, and in particular railroads, coal, steel, auto, oil, ship-building, airplanes, and munitions.

These key industries are so vital to the general welfare that if management and labor in these industries are not willing to plan with government for the maximum of service to the general public they should be taken over by government.

I personally believe that if labor and management in these industries are willing to plan with government they can serve the public better under private ownership because private ownership, as a rule, will use more imagination in conducting technological research. Any natural monopoly which passes beyond the stage of continuously conducting technological research becomes automatically a candidate for government ownership.

WHAT IS "PROGRESSIVE CAPITALISM?"

QUESTION 3—What is the difference between progressive capitalism and New Dealism?

ANSWER—New Dealism was patching up an old car that broke down along the road, and then picking up gadgets at each filling station.

There were many fine points about the New Deal on which progressive capitalism can build. In this connection, I would list the TVA, the agricultural legislation, rural electrification, and social security. The Employment Act of 1946, while not technically a part of the New Deal, can be used as a base for the planning which is absolutely essential to successful capitalism.

The New Deal furnished a great lift to the United States and to the world. But I suspect it was a failure in that it did not end serious unemployment.

Progressive capitalism must look on full employment in peacetime industries as having the number one priority. Progressive capitalism, therefore, must tackle the economic problems in the modern world from a more fundamental point than the New Deal was able to do.

In saying this, I am not critical of the New Deal but merely indicating that at that time we were able to deal only with superficial phenomena.

QUESTION 4—What is the difference between progressive capitalism and socialism?

ANSWER—First I want to make it clear I am not against socialism in any foreign country that has socialism or wants it.

But here in the United States, our farm and small town tradition is such that socialism in the foreseeable future is unthinkable.

Much of the substance of socialism will undoubtedly come to the United States because of our tax structure and social security legislation.

But if socialism means the taking over of all the means of production, I see no likelihood of anything of that sort for many decades.

Progressive capitalism certainly would not rule out government ownership of railroads, coal mines, or steel mills. But under progressive capitalism, the objective would be to leave as large a segment of the economy as possible under private direction and yet eliminate the causes of unhealthy "boom and bust."

In brief, progressive capitalism is an American adaptation and extension of the "mixed economy" approach of the Scandinavian countries. It is a non-doctrinaire effort to use whatever mechanism

MONTHLY REVIEW

will produce most and distribute most widely and cheaply without accentuating the extremes of the business cycle.

Under progressive capitalism, cooperatives should be used where they can do the job most economically; big corporations where they can do best; small business where it is best adapted.

QUESTION 5—Assuming that the co-operation of the capitalists is necessary to make progressive capitalism feasible, how will you get these capitalists to co-operate?

ANSWER—This is a good question.

I started working on the reactionary capitalists in face-to-face conferences of one sort or another in the late twenties. They had a brief moment of being willing to co-operate in 1933. Again they co-operated from 1943 to 1945 for the purpose of winning the war.

The post-war planning of the capitalists has been better this time than after World War I. But there is still no indication they are willing to do the necessary planning to make the capitalist system work in terms of full employment in peacetime industries.

Technically speaking, it is not necessary for the capitalists to cut their own throats.

The capitalist system can be made to work, but thus far I have seen no indications that the top leaders are willing to make the necessary adjustments.

If they could only understand what is really going on in the world outside the United States, they might have enough imagination to make those adjustments.

Failing that, the next depression is likely to be severe enough to make them even more willing to co-operate than in 1933. Otherwise, extensive government ownership of many key industries is inevitable.

QUESTION 6—Do you believe Great Britain is close to progressive capitalism? If not, wherein do you differ?

ANSWER—Progressive capitalism would not be practical in Great Britain nor would British socialism be practical in the United States.

Britain, in order to develop a necessary export surplus to avoid bankruptcy, must submit to regimentation which the people of the United States would not accept.

Nevertheless, British socialism and progressive capitalism are alike in both placing great emphasis on planning.

WHAT IS "PROGRESSIVE CAPITALISM?"

QUESTION 7—What difficulties do you anticipate in putting over a program of progressive capitalism?

ANSWER—The greatest obstacle in putting over progressive capitalism is the lack of progressive capitalists.

However, there is a growing interest in such organizations as the Committee for Economic Development. Also, there are various foundations engaged in furthering economic planning.

Some of the studies put out by the United Nations concerning full employment and the development of backward areas suggest a change in the intellectual climate which may make the advent of progressive capitalism more likely.

The progress of progressive capitalism in the United States demands the rapid expansion of productive power without the exploitation of the so-called backward areas of the world.

An expansion of sufficient magnitude can only be attained by the investment of huge quantities of American capital.

If such capital is guaranteed by the United States, we shall have reactionary capitalism running the world. If it is guaranteed by the UN, there will be a firm foundation for a world-wide expansion of production on the basis of serving humanity, not exploiting it.

QUESTION 8—Thinking in terms of practical campaign politics, what is there about progressive capitalism that the Democrats cannot steal for campaign use as they took large sections of your program during the last campaign?

ANSWER—It is impossible to establish progressive capitalism until the cold war is brought to an end.

The Democrats can bring about full employment only by a huge arms program. During the period from 1933 to 1941, unemployment under the Democrats averaged about 8,000,000, and since 1941 there has been full employment only because of huge shipments abroad and heavy expenditures for munitions and planes.

Undoubtedly both the Democrats and Republicans will adopt platforms which indicate they believe in progressive capitalism. There is no way to prevent either party from stealing our ideas. I hope they not only steal our ideas, but try to make good on them.

They will not find it so easy to steal our ideas if the depression comes.

MONTHLY REVIEW

QUESTION 9—Do you believe progressive capitalism will eventually lead to socialism? If so, does this future cause you concern?

ANSWER—No matter what we do in the United States, we shall have more and more socialism.

Socialism, in the European sense, will probably come faster under reactionary capitalism than under progressive capitalism.

It is only by progressive capitalism that extreme socialism of either the extreme right or left can be avoided.

I am not worried about socialism so long as there is freedom to engage in the research and technological experimentation so necessary for expanding production.

* * *

Following his answers to the nine questions submitted, Wallace suggested the following tax discussion as vital information necessary to understand progressive capitalism:

To bring about progressive capitalism in the United States, it will be necessary to modify the tax system so as to unleash the inventive and technological potentialities of small business and family-size business, and, in fact, all businesses that are growing rapidly.

Incentive taxation should be used to favor those businesses which continually plow back their earnings, raise their payrolls, or lower their prices.

The taxation system should be modified so as not to put pressure on young growing businesses to consolidate with old static businesses in a typical banker's consolidation.

It may be asserted as a principle of human organization that when new types of social organization are required, respectable, well-thought-of, and conservative people are unable to take part in them. Their moral and economic prejudices, their desire for the approval of other members of the group, compel them to oppose any form of organization which does not fit into the picture of society as they have known it in the past. . . . Nothing seems clearer than that the attitudes of any given ruling class are so set that all the arguments in the world will not change them.

—Thurman Arnold

AFTER THE GENERAL ELECTION

BY A BRITISH SOCIALIST

The February general election was the first that the British Labor Party has had to face after a solid period of years in office and in power. The two previous Labor governments of 1924 and 1929 were both based upon minorities in the House of Commons, and both were heavily defeated after a short and ineffectual tenure of office. This time, Labor could appeal to the country on a pretty creditable domestic record; but even so it managed to stave off defeat by the narrowest of margins. By winning 315 seats, it secured a majority of 7 seats over its combined Liberal and Tory opponents, who secured 9 and 299 seats respectively. Labor has thus been given another, but short lease of life to carry on the most essential business of government—especially to pass the annual budget—and to prepare for the next election, which cannot be long postponed and may come within three or four months.

Such are the bare facts. But they are sufficient to reveal that the socialist movement in Britain has reached a crisis in its affairs. It is true that there was no dramatic swing to the Right. The Labor Party increased its total poll by 1,300,000, and its share of the popular vote fell by only 1.4 per cent. It is true that many of the gains made in 1945 were retained, including most of the seats in the old Tory stronghold of Birmingham and many other constituencies hitherto thought to be marginal; that there was a further extension of Labor support among rural workers and a consolidation of the Labor vote among the industrial working class; and that Labor suffered both from a redistribution of seats, which on balance favored the Tories, and from the chances of a system of single-member constituencies in which, at this election, a mere difference of ten thousand votes distributed in the right places would have given Labor a comfortable majority. But the fact remains that the Labor Party barely held off the Tory challenge and that its chances of winning the next contest are by no means rosy.

A study of the electoral statistics underlines this conclusion. Just over 2,500,000 votes were cast for the 474 Liberal candidates.

This analysis of the British elections is by the author of the two articles on "British Labor and Socialism" which appeared in the Sept. and Oct. issues of MR.

But of the 625 seats in the new House of Commons, 161 were won on a minority vote, the successful party winning by fewer votes than were cast for the Liberal candidate in these divisions. What if at the next election the Liberals cannot afford to fight on such a wide front? How will their votes divide between the two main parties, in the absence of a candidate of their own? Both Labor and Tories are now consumed with speculation on this point, for the party managers believe that with the country so closely divided in its loyalties between the two main parties the party that wins the greater share of the Liberal votes will win the election.

This confronts the Labor Party with an obvious and important dilemma. Should it now seek to conciliate the Liberal vote? Or should it stand square upon its declared program, to parts of which—especially the proposals for taking over the steel, cement, and sugar industries—the Liberals are hostile? It is not too much to say that the future of democratic socialism in Britain depends on the answer that Premier Attlee and his colleagues give to this question.

At least the Labor Party is now aware that there is a crisis: the setback shocked it out of complacency; the campaign has galvanized its membership into activity and political discussion; and for the first time since Ramsay MacDonald's defection it is slowly becoming understood that the party needs to take stock of its principles and its program. Fifty years after the party was founded in London, in February 1900, it is no longer enough to rely upon the same basic analysis that has done duty all this time. The impetus of that foundation meeting, which fused the Fabian belief in the steady extension of state activity with Keir Hardie's moral evangelism and the sturdy empiricism of the trade unions, is now exhausted. A new formula is needed for new times.

It is another matter whether it can be discovered. So long as Labor remains in office, there is strong pressure to keep moving in the accustomed direction. If Labor is beaten next time, the conflict of opinion inside the party will come to a head more rapidly. But the party will then be in opposition—and the Tories will be ruling Britain.

To reach a conclusion about Labor's future tactics and program, it is necessary to examine carefully the lessons of this election. No one doubts that the workers are more solidly behind the Labor Party than ever before. They turned out at the polls in unprecedented numbers, both to register their approval of a government which, for all its undoubted shortcomings, has done more for them than any administration in British history, and to keep out the Tories, whose conversion to full employment and the welfare state no worker with a

memory takes seriously. The fear of letting in a Tory on a split vote accounts in part for the poor showing both of the Communists—who lost 97 deposits out of 100 contests—and the Labor Independents, such as Pritt and Zilliacus, who had been expelled from the Labor Party. The workers stood by “their” party magnificently. On the other side, the Tories rallied every voter they could to defend private enterprise from further restraint and encroachment, and attached to their hard reactionary core perhaps two millions more by the most unscrupulous and prodigal promises of lower taxes, higher social benefits, more gasoline for private motoring, increased food rations, more houses, and by exploiting every real or imaginary grievance of the middle classes who regard Labor’s “levelling-up” as a threat to their status and past privileges. In the circumstances, it is remarkable how firm Labor’s hold proved to be. The Labor government has made serious mistakes, both of substance and in the sphere of public relations, alienating many voters unnecessarily and failing to explain many of its motives or actions. Yet 13,300,000 people voted to keep it in power. There are real grounds for satisfaction here.

Both the conduct and the content of Labor’s election campaign were weak. First, Labor remained on the defensive, confining itself largely to evoking memories of Tory misrule and contrasting the comparative performance of Labor after 1945 and the Tories after 1918. Second, very little was done to expose the contradictions in the Tory program and to denounce the specious vote-catching promises which were wholly incapable of fulfillment by any government in Britain’s present economic position. Third, Labor failed to give the impression of virile and inspiring leadership. This point is important. It can be argued that a section of the middle class—perhaps a decisive section—is more likely to be won by a labor movement which really offers dynamic leadership and promotes confidence in its capacities than by offering electoral bribes and concessions. A large section of the British middle class has a long tradition of public interest and service: it is to this that Labor should appeal, not to narrow selfishness. Fourth, the Labor leadership made a miserable mess of its reply to Churchill’s Edinburgh proposal for new talks with the USSR. If Churchill won few votes by this “stunt”—only his most ardent supporters could really believe he, of all men, could reach an agreement with the Kremlin—it is certainly true that Attlee and Bevin let an opportunity escape them in allowing Churchill to pose as the protagonist of peace. Bevin’s rambling and almost senile broadcast in reply was the most lamentable of the campaign. The desire for an international settlement, for an escape from the vicious circle of armaments, for a lightening of the shadow of atomic warfare, are all sufficiently widespread for Labor

MONTHLY REVIEW

to have won a decisive victory merely by showing some willingness to make new efforts to mediate in the cold war and to exercise a spark of independent judgment and policy. The last has not been heard of this issue, both within the Labor Party's ranks and in the country.

But Labor's most astonishing weakness in the campaign was its failure to come forward with a positive and realistic policy of its own. (I have already analysed the main features of Labor's platform in my articles in the Sept. and Oct. issues of *Monthly Review*). The final campaign document, *Let Us Win Through Together*, contained barely one reference to the dollar crisis, Marshall Aid, or the impending economic crisis. It gave no indication at all that Labor had any solution for this crisis in mind, or any perspective of the way in which Britain's economic independence could be restored and a drastic reduction in living standards averted. It said nothing about such vital matters as wage and financial policy, overseas trade balances, sources of supply of essential goods, the crushing financial and economic burden of armaments—now one-tenth of the national income and larger than the total cost of all social services. Yet these are the fundamental realities of Britain's position to-day. Failure to deal with them permitted the Tories to get away with demagogic promises of the impossible and demagogic attacks on Labor's record. The public was never given the facts which would have revealed the Tories as reckless, power-hungry politicians, gambling with the nation's welfare for temporary advantages to the great capitalist interests.

The reasons for Labor's failure in this respect go to the roots of the present crisis.

For the last four years, there has been a bi-partisan foreign policy which has been a continuation of the policies of the wartime Coalition. The initiative has remained with Churchill from his Fulton speech right up to his Edinburgh declaration during the election campaign. Labor has accepted his line in substance and modified it only slightly in emphasis; it made no issue of foreign policy during the election. Yet it is precisely this Churchillian foreign policy which is responsible for the coming economic crisis. It imposes the enormous cost (in manpower, resources, and overseas expenditure) of the armament and defence programs, the demands of which are so great as to make further expansion of the social services almost impossible and to prevent an attack upon the immense housing problem that still remains in Britain. It strengthens the inflationary spiral by diversion of resources to unproductive ends, and cripples the planned capital investment designed to increase British productivity and overall output. The corollary is the wage-freeze, to

AFTER THE GENERAL ELECTION

offset inflationary tendencies, and appeals for greater output by the working class, without any concomitant control of profits and without any drastic measures to hold down prices. Finally, by reducing trade with the USSR and eastern Europe to a minimum, it makes it increasingly difficult to switch imports from dollar to non-dollar sources.

This is the truth of the matter. So long as Labor maintains a basically Tory foreign policy, it is impossible for the party to press on with a democratic socialist policy at home. Zilliacus has been saying this for the last four years, and it is more true to-day than ever before. One or the other must go.

By leaving all these fundamental issues on one side, Labor was driven to concentrate upon a program of moderate social reforms, many of which rightly struck the public as at best marginal matters and, at worst, irrelevant. The Tories did their utmost to say "me-too" on the social services: they made capital out of Labor's proposal to nationalize sugar and water supplies, reform marketing arrangements, and tidy-up the law of leasehold. What, they asked, have all these to do with the problem of Britain's recovery? Set the people free, remove controls, restore incentives—this is "The Right Road for Britain."

The consequence of all this was obvious. Over much of the field of policy, domestic reform and foreign affairs, the difference between the two main parties seemed slight on paper—the electorate was not forced to choose between two radically opposed programs. What should have been the real issue—forward to socialism or back to uncontrolled capitalism—was never squarely presented to the voters. It is not surprising that the election produced a stalemate.

The problem now before Labor is whether to repeat this performance—perhaps, in the effort to win Liberal votes, even to narrow the gap that separates Labor from Tory—or whether to come forward with a new and positive program that offers both a way out of Britain's crisis and a much more decisive break with British capitalism.

What would a socialist policy be? Certainly it should not be merely more and haphazard nationalization. For too long the labor movement in Britain has equated nationalization with socialism. It has become a habit. When pressed, Labor leaders admit that their criteria for taking over an industry are inadequate. There are political and moral reasons for taking over a monopoly, but no one seriously believes that government ownership of steel or sugar is going to make immediate difference to costs, to efficiency, or to output. Indeed, in the short run, all three might suffer. Yet these are

MONTHLY REVIEW

the only reasons by which Morrison attempts to justify this step.

The real socialist case for public ownership—what can be called socialization as distinct from nationalization—is different, because it is based upon the premise that economic power has to be transferred to the community and that as long as the main industries remain in private hands, the threat of a reactionary offensive remains. Socialization does not involve the payment of excessive compensation to the rentier class; it does involve the transfer of some control of the industry to the workers. But the Labor Party, with its Fabian philosophy of steady encroachment, has never really accepted this socialist approach. It is right to nationalize iron and steel, but it is being done partly for the wrong reasons. It is public realization of this that loses votes. If the case for socialization is made clearly, it is much stronger than arbitrary decisions to buy out sugar refining or cement making.

The next Labor program, therefore, should pay much closer attention to this problem of state ownership and control. If Labor is defeated, it is better to be defeated on a fighting program, which will serve an educational purpose and provide a consistent theoretical basis for a renewed assault upon a Tory regime, than to be defeated on a wishy-washy pseudo-liberal platform.

Next, Labor must make it clear why a return to free capitalist conditions would, first, actually become a return to monopoly rule; second, create a situation in Britain similar to that in West Germany, Belgium, or Italy, with "national recovery" achieved at the expense of the people's living standards; and third, make economic collapse sooner or later inevitable. Labor must point out why controls are necessary, why profits must be restricted, why taxation must be high, and why prices must be kept as low as possible. In this last campaign, Labor was so anxious lest it lose votes on this issue of "controls" that it scarcely mentioned them, let alone made a vigorous defence of the principles of planning. Far from pointing out that controls are a necessary instrument of a socialized economy, Labor sought apologetically to convey the impression that it regarded controls as a temporary evil "until the country is on its feet again."

The situation in Britain is by no means static. One of the reasons why the election was held in February was Labor's desire to go to the country before the inflationary consequences of devaluation could be felt. Knowing that the wage-freeze was breaking down all along the line, the Cabinet wanted to have a renewed mandate before it ran into serious difficulties on the trade-union front. In both these objectives, it has been foiled; another election is in the offing, and all these problems are unsolved. Indeed, with a greater prospect that

AFTER THE GENERAL ELECTION

the Tories will soon be in power, the unions are less likely than ever to take happily to further wage freezing.

Labor also held the election before the budget, knowing that a "stiff" budget might lose many votes. Now it is forced to pass a budget with only a nominal parliamentary majority and an election still on the horizon.

The budget is the crux of the problem now. Will Labor try to pass an "agreed" budget, which means that the bi-partisan foreign policy would be extended to an "under-the-counter" coalition in domestic financial matters? Or will it pass a budget which will give some tax relief to the workers and bear even more heavily upon the rich? Upon this tactical decision much may depend. For if the next Cripps budget shows that Labor has decided to make the workers carry the main burden of devaluation, increased arms spending, and the uphill effort to increase Britain's exports, the consequences may well be massive abstentions by the workers at the next election. But if the budget presses more than ever on the middle class, the Liberal vote may be well and truly lost to the Tories.

For a socialist, there can be only one answer to this dilemma. The time has at last come when Britain has to make up its mind. If Labor now temporizes, there will either be a coalition or a Tory government before many months are out. That way, the road leads certainly to economic disaster and perhaps war. But if Labor stands firm, with a renewed socialist faith, inspired to recapture its lost pioneering spirit, offering a solution to Britain's economic crisis, preparing to ward off the effects of the European slump that is now approaching, seeking to regain independence in both economic and political foreign policy, then there will be a chance to make up for the opportunities lost since 1945; there will be a chance of recovery, of averting war.

It would be foolish to be too optimistic. The corruption of bi-partisanship has struck deep. All the Labor leaders' past experience and all their instincts lead them into the path of compromise, seeking to retain office by conciliating the marginal voter. The pressure from British capitalism is strong; the opposition in the press and country well organized. But this may be democratic socialism's last chance in Britain. If it is missed, the Labor Party may rue the day. There are people in the British labor movement who know this, and events are teaching others the lesson that the fight for a socialist Britain must now be faced. The only alternative is political and economic disaster.

CONTENTS OF VOLUME I

AUSTRALIAN SOCIALIST, Australia, New Zealand, and Socialism	
Part I, 314; Part II, 349	
AUSTRIAN SOCIALIST, Austrian Social Democracy	183
BETTELHEIM, CHARLES, Capitalist "Plans" and Their Significance	84
BRITISH SOCIALIST, After the General Election	395
British Labor and Socialism....Part I, 138; Part II, 173	
DAVIDSON, BASIL, Italy and the Marshall Plan	237
ECONOMIST, The ECE's European Economic Survey	154
EDITORS, Cooperation on the Left	334
From Our Correspondence	248
The Communist Manifesto After 100 Years	102
Where We Stand	1
EINSTEIN, ALBERT, Why Socialism?	9
FEILD, ROBERT D., Art and Socialism	266
FISCHER, STEPHEN, Notes on the CIO Convention	245
HISTORICUS, Not Propaganda or Plotting But History	149
HUBERMAN, LEO, Class Struggle in America?	59
Eugene V. Debs: Uncompromising Revolutionary..	272
Monopoly	216
Questions About Socialism	356
Socialism and American Labor	22
The Accumulation of Capital	123
Value and Surplus Value	90
JENKINS, JOHN S., Why I Believe in Socialism	281
LAMONT, CORLISS, Why I Believe in Socialism	165
LANGE, OSCAR, The Two Roads for World Economy	298

CONTENTS OF VOLUME I

NATHAN, OTTO, Transition to Socialism in Eastern Europe	28
Poland and Czechoslovakia on the Road to Socialism	50
NEARING, SCOTT, Why I Believe in Socialism	44
NENNI, PIETRO, The Responsibility of Left Socialism	345
REVIEW OF THE MONTH	
Academic Freedom in the Colleges	65
China and Socialism	5
Civil War in the CIO	33
Depression, Now	69
Depression? Yes, No, Maybe	35
Economic Retrospect and Prospect	257
Hungary and the Press	296
In Darkest India	163
Liberals and Socialists	71
News That's Fit to Print	330
No Cause for Surprise	130
Point Four	97
Quiz Program	234
The Atlantic Pact	3
The Atlantic Pact Again	129
The British Crisis	100
The British Election	331
The Coal Strike	369
The Communist Trial	194
The Indonesian Story	292
The Nathan Report and the American Labor Movement	131
The Peekskill Riots	161
The Population Boom of the 40's	374
The Soviet Bomb	193
The Soviet-Chinese Pact	330
The Split in the CIO	225
The Welfare State	289
Two Voices	229
Western European Economic Integration	226
Where Are We Going?	321
SMYTH, FREDERIC HASTINGS, Religion and Socialism	72
STONE, I. F., Problems of the Progressive Party	379
SWEETZ, PAUL M., Is the Marshall Plan an Instrument of Peace?	80
Recent Developments in American Capitalism	16
The Devaluation of the Pound	198
The German Problem	37
WALLACE, HENRY A., What Is "Progressive Capitalism?"	390
WERNER, MAX, Notes on a Divided Germany	207
YORK GAZETTE AND DAILY, Labor and World Conquest	57
ZILLIACUS, KONNI, 1949	263

A NOTE OF THANKS

This issue brings Volume I of **Monthly Review** to a close.

We want to commemorate the occasion by thanking those of our friends who had faith in us and were willing to back that faith with money. Without their help we could not have started **Monthly Review**.

We want to thank also those other friends who gave of their time and effort. Without their help we would not have gained enough subscribers to have kept **Monthly Review** going.

Our magazine is not yet self-supporting. It won't be until it has 8,000 readers. A good start has been made—but it is only a start. Though we have more than twice the number of subscribers we anticipated at the end of the first year, we're still a long way from the 8,000 we need.

Nevertheless, we enter our second year with confidence. Enough heart-warming, appreciative letters have come in from our solid core of subscribers to assure us that we have their support in attaining our goal. With their steadfast interest and help we shall continue to do all we can to advance the cause of socialism in the United States.

THE EDITORS

(continued from inside front cover)

"Cooperation on the Left" piece. For this reason, we are not going to start printing the replies until next month, though we already have a considerable number—and some very good ones—on hand from those to whom advance copies of the piece were sent.

Meanwhile, we are publishing two items which we feel ought to be widely known and read in the American Left, and which at the same time constitute important contributions to the "cooperation" discussion. One is an abridgment of I. F. Stone's series on the Progressive Party convention which appeared in the New York *Daily Compass*. The other is Henry Wallace's answers to questions about the meaning and implications of "progressive capitalism," which also appeared in the *Compass*.

We want to urge all readers to get in on the "cooperation" discussion. The material already received is more than enough to fill a whole issue, so it is certain that the discussion will continue for several months at least. There is thus plenty of time, and we have no doubt that the value of the discussion will be in direct proportion to the number of people, with their varying experiences and insights, who take part.

We remind all subscribers again that this is No. 12 and that many subscriptions expire with this issue. If you have not already renewed, and if the number under your name and address on the envelope in which this copy reached you is I-12, please sit down right away and send in your renewal. At the bottom of this page you will find a list of attractive book offers to choose from. There is only one proviso: we have very few copies of *The Theory of Capitalist Development* left. We will fill orders on a first-come-first-serve basis. If orders for this book arrive after the stock is exhausted, *The Truth About Socialism* (Leo Huberman's new book, particulars of which were announced in last month's MR) will be substituted.

Last month's appeal for renewals has met with a very gratifying response. Let's get the whole business cleared up this month: it will save us much time and money, and it will save you annoyance and a possible interruption in receiving the magazine.

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